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Climate Politics: The Motor Sputters

Germany's Foreign Policy Needs a New Major Project

Marcel Viëtor and Oldag Caspar

There is little left of the leadership that Germany once held in international climate politics. However, climate policy could become the next major project of Germany's foreign policy. A committed climate policy would not only strengthen Germany's economy and the security of its energy supply. Berlin would, as a leader in climate politics, also gain a greater international reputation and scope within initiatives in other sectors. In order for Germany to regain the leading role in international climate politics, five tasks are crucial:

- *rebuilding credibility through consistency and commitment,*
- *establishing domestic climate policy through energy policy,*
- *putting forth foreign climate policy that will enhance foreign trade policy,*
- *developing CCS-technology for export,*
- *integrating Russia more thoroughly into climate negotiations.*

Pretense and Reality

Where were the Federal Chancellor and her Foreign Minister when, on 22 September 2009, the Secretary-General of the United Nations, Ban Ki-moon, gathered with more than a hundred heads of state and government in New York for an extraordinary Climate Summit? Furthermore, where was Germany's chief diplomat when the Foreign Ministers of Sweden, the United Kingdom, France, Denmark, Finland and Spain had previously campaigned in an open letter for an "ambitious agreement" in Copenhagen in December 2009? Sure, schedules were tight around the time leading up to the federal elections of the 27th of September. Yet a leading role in international climate politics, which the Federal Government was able to adorn itself with just some years ago, looks quite differently.

After the EU enlargement rounds in 2004/2007, it seemed as if German foreign policy had already found its next major project: The Federal Government had declared the fight against climate change as its prior-

ity for the presidencies of the EU and the G8. Credit must also be given to Federal Chancellor Angela Merkel for convincing President George W. Bush at the G8 summit 2007 in Heiligendamm to at least "consider seriously" the reduction of greenhouse gas emissions. Thus, the Federal Government had taken a leading role, which bestowed international respect and influence upon German foreign policy. At the same time, the German economy was well positioned in the renewable energy and efficiency technology sectors, *inter alia*, due to necessary state support.

But then the financial and economic crises hit. Climate policy rapidly lost importance within the Federal Government. At the end of 2008, for instance, Ms. Merkel lobbied vehemently for weak CO₂-benchmarks for cars in the EU. This resulted in German and European car manufacturers not having to increase efficiency all that significantly. A year before, the Government had taken up the original proposal of the European Commission in the Meseberg climate package, which

envisaged stricter emission benchmarks and time limits. But apparently, Angela Merkel fell back into the antiquated thinking of climate protection versus jobs. Thus, in December 2008, she told the press that the upcoming EU summit “must not make decisions that would endanger jobs or investments in Germany. I will make sure of that.” And indeed, it was mainly Germany that, together with some Central European countries, sought to weaken the European Emissions Trading Scheme. Even Hans Joachim Schellnhuber, the Chancellor’s advisor on climate issues, had warned against Germany losing its credibility at that time.

Other Countries Take the Lead

While some countries reduced their climate protection efforts during the economic crisis, others regarded a “Green New Deal” as a better solution to the crisis. For instance, at the turn of the year 2008/2009, China approved an economic stimulus package with 38 percent of the investments scheduled for “green” programs. In South Korea, this figure was at 80 percent. In Germany, however, “green” investments accounted for only 13 percent of the stimulus packages 1 and 2. Germany, persisting in old reflexes, became a dubious example for other countries with some eventually copying the ad-hoc subsidies measure for endangered but outdated automotive production chains. At the same time, German renewable energy companies were whip-sawed by increasing competition from East Asia and the U.S.

These developments did not only weaken the EU’s internal climate negotiations, they also endanger the UN climate negotiations. It had mainly been the European Union—often with Germany as the driving force—that had advanced the international climate negotiations as pacemaker. Many observers had already hoped for the EU’s successful and one-voice foreign climate policy to become a model for the whole EU foreign policy. In the meantime, however, it has become other countries that set the pace of negotiations, including Mexico, South Africa, Switzerland, and Norway. Japan, with significantly increased emission reduction targets after the August 2009 change of government, has

brought itself into position for a leading role in international climate politics as well.

And Germany? If German foreign policy makers are serious about their aspirations to set an exemplary climate policy and assume an internationally leading role, the new Federal Government has to put in some effort. Five tasks are crucial.

1) Rebuilding Credibility through Consistency and Commitment

Those who take the lead in an international movement but paddle backward at the first sign of headwind lose credibility. Other countries, such as South Korea and China, have proven through their future-oriented “green” stimulus packages that it is possible to regard the economic crisis as a chance and to use that wind by setting the sails right (keyword “beyond recovery”). The loss in credibility is not restrained to climate policy; it affects the whole of German foreign policy. How can Germany’s partners have confidence in German foreign policy, when Berlin proves to be fickle with regard to a subject it has loudly proclaimed to be of special interest to its people? If the Federal Government decides that Germany should take the lead in international climate politics, it has to follow through and remain credible in its engagement.

This accounts for international climate financing as well. Without the highly industrialized countries’ far-reaching financing of adaptation and mitigation measures in the countries of the global South, China or India will not substantially contribute to climate protection. Since the U.S. is still dropping out, the EU cannot just sit back. Germany, however, has decelerated. But an early and ambitious financing offer by the EU is essential. This is due to the fact that it is only then that decision makers in countries like India can be convinced in their internal decision making processes to contribute themselves to far-ranging emissions reductions. Furthermore, such capital transfers are a double investment: into a future with less expenditure on climate change induced damages, as well as into an increased demand for German climate protection

technology. A leading role in climate financing does not only raise Germany's credibility; it pays off.

2) Establishing Domestic Climate Policy through Energy Policy

German climate policy can only become a credible international model, as long as it is built upon an exemplary domestic climate policy. In this regard, domestic climate policy is first and foremost energy policy. German energy policy needs to develop renewable energy sources consistently, further enhance energy efficiency as well as realize unused energy saving potentials.

Fossil fuels will become significantly more expensive in the coming years, due to the worldwide reduction of cheaply developable producing areas, the increasing global energy demand, and the pricing-in of costs of climate change through emissions trading, carbon taxes, or other mechanisms. This also applies to coal, which is especially detrimental to the climate. Oil and gas import dependency from the politically unstable Middle East, as well as from Russia and the Caspian region, has risen as well. In addition, the EU has to increasingly compete with China, India, and other emerging economies for these imports, thus increasing the probability of conflicts. Against the background of these trends, only those who restructure their energy supply timely and sustainably will gain competitive advantages. It is clear that foreign climate policy, no matter how committed it may be, will remain ineffective without an exemplary domestic climate policy.

3) Putting forth Foreign Climate Policy that Will Enhance Foreign Trade Policy

In 2009, Germany was decisively involved in the creation of two seminal initiatives in international energy and climate politics: the International Renewable Energy Agency (IRENA), and the Russian-German Energy Agency (RuDEA). Both organizations now face a practical test, and it is especially important, in regard to IRENA, that Germany's support for the new organization does not fade—even though headquarters will be set up in Abu Dhabi and not in Bonn as was hoped before. One reason is that through the global develop-

ment of renewable energy and efficiency technologies, the German economy can develop new markets. But to keep their status as that of technological forerunners, German companies also need political support, such as the export initiatives for renewable energy and efficiency technologies that were set up by the Federal Ministry of Economics in 2002 and 2007. The renewable energy sector alone already employs more than a quarter million people in Germany. In this sense, foreign climate policy means job policy and foreign trade policy, as well as actively contributing to climate protection. The new government as well has to consistently enhance and develop this approach.

4) Developing CCS-Technology for Export

In this context, greater efforts have to be made with regard to research and development of CCS (Carbon Capture and Storage), i.e. the technology that sequesters the CO₂ set free through the combustion of fossil fuels and stores it underground. Climate scientists stress that CCS-technology will have to be used on a large scale in order to extract CO₂ out of the atmosphere. Even if CCS fails to be applied ubiquitously in Germany due to acceptability problems, this must not endanger introducing pilot projects in Germany and the bringing of technology into the market. This is because the main area for CCS remains in countries that continue to set up their coal-fired power plants, which are especially harmful to the climate. This refers particularly to China and the U.S., which together account for about 60 percent of global coal consumption. Especially in China, which disposes of one-third of the world's coal reserves, coal is to be expected to remain the most important energy source for the decades to come, despite the fact that the country also invests heavily in renewable energy. A reduction of China's CO₂ emissions will not be reached through moral appellations in international climate negotiations, but through the necessary technology at hand. Therefore, it is most likely that CCS will be a growth market in China and elsewhere, and it would be negligent to leave that market to others.

5) Integrating Russia More thoroughly into Climate Negotiations

Before and during the climate negotiations in Copenhagen in December 2009, the Swedish EU Presidency will also be negotiating in the name of Germany. However, this does not free Germany of its responsibility and role as the motor of the EU. Its additional task is to more thoroughly integrate Russia, which has so far been neglected, into the climate negotiations through an intensive and equitable dialogue, and to motivate it towards a constructive and far-ranging contribution. The West, especially the U.S., is involved in moving China and other emerging economies towards commitments. This is, without a doubt, extremely important, but it could backfire in Copenhagen if Russia was to be “forgotten” in the run-up and frustrated an ambitious agreement the last minute.

Although being a latecomer, Russia has already played a responsible role in the climate negotiations with its decisive ratification of the Kyoto protocol in 2004. In the past months, the Russian leaders have also seemingly changed their minds in a positive direction, regarding climate change. They have increasingly realized that Russia's role cannot be that of a mainly destructive one in international climate protection, if it is to remain influential in other international questions as well. However, old fears that committing to emission reductions would restrict its economic development have prevailed. Therefore, it is especially important to integrate Russia more thoroughly into the negotiations that are taking place currently. With its climate diplomacy, Finland is active towards its big neighbor, but is far from having the political weight of Germany. Indeed, Germany is especially qualified to approach this task through its multi-faceted and trustworthy relationship with its Russian partners. In addition, European experts and governments seem to feel that Germany must manage the integration of Russia. “Who else?”, they ask, shrugging.

Germany as Climate Forerunner and Leader!

The transition to a sustainable, emission-neutral economy and society has become the global task of the century, the next years being those that are most crucial. Consensus largely prevails in climate science that global greenhouse gas emissions will have to peak no later than 2017 and decrease rapidly, if the worst is to be avoided. Germany finds itself in a key role. But at the moment, Berlin does not seem to be too keen assuming that role. Together with the EU, Germany could take the lead in the global climate project, gaining—besides markets—sympathy and reputation. The negative example of the U.S. under President Bush impressively demonstrated just how important “soft power” is for a country's international influence.

If the new Federal Government takes up the above-elaborated tasks consistently, then climate policy can become the next major project of Germany's foreign policy, following European unification. As a climate forerunner that shows the path to decarbonization and as a climate leader that convinces other countries to follow that path, Germany provides a positive example to the international community. It can, therefore, also lend more importance to foreign policy initiatives in other sectors. Thus, a committed climate policy by the new Federal Government would strengthen Germany and the EU as global actors.



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